CALIFORNIA BROADBAND COUNCIL

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EX PARTE

September 19, 2014

Ms. Marlene H. Dortch, Secretary Federal Communications Commission 445 12th Street SW Washington, DC 20554

Re: In the Matter of Modernizing the E-rate Program for Schools and Libraries, WC Docket No. 13-184; In the Matter of Connect America Fund, WC Docket No. 10-90; In the Matter of Rural Health Care Support Mechanism CC Docket No. 02-60; In the Matter of: Applications of Comcast Corporation, Time Warner Cable Inc., Charter Communications, Inc., and SpinCo to Assign and Transfer Control of Federal Communications Commission Licenses and Other Authorizations, MB Docket No. 14-57

Dear Ms. Dortch,

The California Broadband Council sent the following letter to Chairman Wheeler and Commissioners Clyburn, Rosenworcel, Pai, and O'Reilly on Wednesday, September 17, 2014.

We are writing to propose changes to federal broadband programs that would accelerate broadband adoption and significantly improve infrastructure funding for California. At the state level, we have established the California Advanced Services Fund (CASF) with \$315 million to subsidize up to 60% of the infrastructure deployment cost for under-served areas and up to 70% for unserved areas, but that amount alone is insufficient to achieve the State's goal of reaching 98% of households by 2017. Worse, California is missing out on significant federal broadband funding opportunities. And California will be unable to achieve significantly higher broadband adoption rates without a redesign of the Universal Service Fund to reach our most remote and disadvantaged households.

We are proposing changes to five areas:

- 1. Connect America Fund
- 2. Tribal Broadband
- 3. E-Rate
- 4. Affordable Broadband Rate
- 5. Healthcare Connect Fund

1. Make Exceptions to the Connect America Fund

Background

California has some of the most challenging terrain of any state, with many rural and small farming communities located in hard-to-reach areas. For these communities, broadband access can be the sole or at least primary means of access to public safety, remote health care, and online education. Unfortunately, the Connect America Fund (CAF) bypasses much of rural California because the speed threshold is too low and the legacy telephony requirements are unrealistic.

The current CAF eligibility speed threshold is 3 Mb/s down and 768 Kb/s up. This threshold renders much of California ineligible, and our experience shows that speeds that are slow are useful only for low bandwidth services such as E-mail and very limited web-browsing. Furthermore, the low CAF threshold results in areas that are too small to entice new entrants to make significant network investments to serve the residents there. For comparison's sake, the CASF uses a significantly higher threshold of 6 Mb/s down and 1.5 Mb/s up. We applaud the FCC's proposal to raise the speed obligation to 10 Mb/s downstream, but we believe that the upstream threshold of 1 Mb/s is too low¹.

The goal of the CAF is to bring broadband service, not telephone service, to rural America. Requiring broadband providers to conduct themselves as traditional telephone companies, by providing voice services, diverts CAF's main purpose. The Federal Communications Commission (FCC's) recent call for letters of interest from providers and communities to do rural experiments with Internet Protocol (IP) based services is an exciting development, but we believe that support would be overwhelmingly greater -- particularly from small, fixed-wireless providers who specialize in serving rural California--if providers were not burdened or expected to meet traditional telephone corporation obligations². Last year, with the passage of Senate Bill 740 the State Legislature removed telephone corporation requirements from CASF eligibility.

California's experience to date with CAF has been, frankly, disappointing. Specifically on the Mobility Fund Phase I³, no providers applied for funding in California. For CAF wireline support, only Frontier elected to receive Phase I Round II support, which represented less than 0.2% of total money awarded nationally. California's annual Universal Services Fund (USF) contributions over the past several years have represented just over 10% of the total funds contributed nationwide. We expect, and need, significantly more money for broadband in California.

Proposal

- Raise the both the eligibility speed threshold and deployment speed obligation to support real-time streaming applications; or, at the very least, to 6 Mb/s down and 1.5 Mb/s up in order to achieve parity with the California Advanced Services Fund.
- Waive voice obligations for grant applicants to allow smaller, more nimble providers to build out in remote, rural areas.

2. Expand Eligibility for California's Tribes

¹ Refer to FCC 14-54, ¶ 138

² Refer to FCC 14-54, ¶ 43,44, 181, 184; also ¶ 130 regarding the perpetuation of voice requirements

³ Refer to FCC 14-54, ¶ 241

Background

The announcement for Tribal Mobility Fund Phase I⁴ showed only 8 out of 111 federally recognized tribes in California qualifying for CAF money. This represented only 2% of the estimated tribal population potentially eligible⁵ for state subsidies under CASF. For Community Connect, over the last five years only 3 tribes⁶ received funding for broadband. Many of our tribes live in remote locations, but the speed thresholds for both CAF and Community Connect prevent many tribal lands from being eligible for federal funding.

Proposal

- Raise the both the eligibility speed threshold and deployment speed obligation to support real-time streaming applications; or, at the very least, to 6 Mb/s down and 1.5 Mb/s up in order to achieve parity with the California Advanced Services Fund.
- Engage directly with California's federally recognized tribes through the auspices of the FCC's Tribal Broadband Task Force and the California Broadband Council's Tribal Working Group.

3. E-Rate – Support Digital Learning and 21st Century Broadband Connectivity

Background

California applauds the FCC's action on July 11, 2014, to modernize E-rate and close the Wi-Fi gap while relieving the administrative burden for schools and libraries to obtain E-rate funding. We are committed to ensuring our students have access to 21^{st} Century tools so they are prepared for the global economy and support expanding the program. We recognize that broadband connectivity alone will not improve education. A 2013 Pew study found⁷ that increasing broadband adoption requires overcoming three barriers: relevance, digital literacy, and cost. In other words, it requires an integrated approach. An excellent example of this integrated approach is the California Emerging Technology Fund's (CETF) School2Home program, which was explained in CETF's *ex parte* filing to the FCC⁸.

Proposal

- Establish minimum connectivity levels to ensure all students have access to high speed internet.
- Ensure parents and guardians have the necessary computer skills to assist their children become digitally literate. This can be achieved by supporting targeted computer training sessions for parents and guardians, which can be paid for by third parties or the Digital Literacy grants under consideration in the Lifeline proceeding.

⁴ Refer to FCC 14-54, ¶ 26

⁵ Based on preliminary analysis of maximum advertised downstream speed of 6 Mb/s or greater, available as of December 31, 2012 on 102 tribal lands with reported population of 61,947, according to the 2010 Census

⁶ In 2009, the Round Valley and Yurok tribes received grants; in 2011, the Karuk Tribe received a grant.

⁷ "Who's not online and why," Pew Research Center, September 25, 2013

⁸ Ex parte letter to FCC Chairman Tom Wheeler and Commissioners Clyburn, Pai, Rosenworcel, and O'Reilly, February 12, 2014

- Encourage professional development and mentor programs for teachers to integrate technology into the classroom.
- Coordinate with other federal initiatives working on neighborhood transformation, such as Choice Neighborhood, Promise Neighborhood, Lifeline Outreach and Education (Note: these programs are currently supported by the CPUC).

4. Affordable Broadband- Hold Providers Accountable to Measurable Adoption Goals

Background

The Comcast Internet Essentials program was a promising start to what low income internet access might look like. Unfortunately, just over 11% of eligible households in California participated in the program. Internet Essentials was an attempt to lower the cost barrier, but the other two barriers—relevance and digital literacy—inhibited the effectiveness of this program. CETF's ex parte filing to the FCC includes testimony from a number of community based organizations that found Comcast's program fell short in community coordination, outreach and follow through. The results from Time Warner's experiment with broadband for low income households were significantly more disappointing. A low income broadband subsidy paid to providers should be tied to providers addressing all of the barriers to adoption.

Proposal

- Create an affordable broadband program that includes measurable adoption rate targets.
- Require providers to partner with community based organizations or other entities to assist with outreach and digital literacy training.
- Make those requirements fully transparent and tied to annual program eligibility.

5. Healthcare Connect Fund – Reverse Recent Decision, Remove Non-Rural Restrictions

Background

The California Telehealth Network (CTN) is a consortium of rural and urban health care providers across California that participates in the FCC's universal service program for health care. The CTN is one of the largest FCC funded statewide telehealth networks in the country with more than 270 member sites receiving FCC broadband subsidies with interconnections to additional healthcare broadband networks serving a total of 768 locations throughout the State.

The CTN depends on a broad base of non-rural participants and has a model to sustain its ongoing administrative costs that relies heavily on annual fees paid by or on behalf of participating healthcare providers. These fees currently amount to \$1,500 per year per site. Health systems with many providers elected to participate in CTN based upon eligibility criteria established during the Rural Healthcare Pilot program.

The recent decision⁹ by the FCC's Wireline Competition Bureau to deny eligibility for 29 non-rural sites equates to a loss of substantial contributions from members and also undermines incentives for health systems to participate in CTN; thereby further eroding sustainability. Many rural and non-rural clinics provide functions similar or equivalent to community health centers; for example, treating all members of the local community without regard to financial ability.

Proposal

- Rescind the decision and find the 29 affected healthcare providers eligible for support.
- Direct the Universal Service Administration Company to base program eligibility on a functional analysis of healthcare sites rather than on their rural or non-rural designation.

The California Broadband Council is ready to support and assist in making these changes to current federal broadband subsidy programs to accelerate broadband deployment and adoption and significantly improve infrastructure funding for California. The Council can provide more detailed information on the CASF program's successes and challenges, data on statewide mobile field testing of the major mobile providers, and coordinating meetings with state and local officials working on broadband. Only through a coordinated effort and by taking an integrated approach will we be able to truly close the Digital Divide.

Thank you for your consideration in these important matters.

Sincerely,

Michael R. Peevey

Mine R. King

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⁹ Refer to CC Docket No. 02-60, Request for Review of Decision of the Universal Service Administrator, December 20, 2013, filed by CTN.